

VILLAGE OF CAMDEN

AUDIT REPORT

FEBRUARY 28, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Camden	County Hillsdale
Audit Date 2/28/05	Opinion Date 9-30-05	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Bailey, Hodshire & Company PC			
Street Address 479 E Chicago St		City Jonesville	State MI
Accountant Signature Bailey Hodshire & Company PC		ZIP 49250	Date 10/5/05

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements</u>	
Statement of Net Assets	9
Statement of Activities	10
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	11
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	12
Statement of Revenue, Expenditures Changes in Fund Balance - Governmental Funds	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Assets - Proprietary Funds	15
Statement of Revenue, Expenses, and Changes in Net Assets - Proprietary Funds	16
Statement of Cash Flows - Proprietary Funds	17
<u>Component Units Financial Statements</u>	
Statement of Net Assets	18
Statement of Activities	19
NOTES TO THE FINANCIAL STATEMENTS	20 - 28
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	29
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Major Streets Fund	30
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Local Streets Fund	31
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Fire Fund	32
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Cemetery Fund	33
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Park Fund	34
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35

Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: (517) 849-2410

FAX: (517) 849-2493

E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Camden
Camden, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of and for the year ended February 28, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Camden's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of February 28, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005, on our consideration of Village of Camden's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of February 28, 2005.

Village Council
Village of Camden

- The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 29 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Camden's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Bailey, Hodshire & Company PC
Jonesville, Michigan
September 30, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Camden, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended February 28, 2005

Introduction

The Governmental Accounting Standards Board (GASB) has developed a standard, Statement No. 34 (GASB 34), to be used by local governments that will change the annual financial report in that it aggregates all government activities into two parts: governmental activities and business-type activities. GASB 34 also requires management to prepare a straightforward Management Discussion and Analysis (MD&A) of their local government's financial health during the past year. The reader should use this analysis along with the annual report to gain a complete picture of the Village of Camden for the year ended February 28, 2005. The Village will continue to use fund accounting to record revenues and expenditures in accordance with the Michigan chart of accounts.

Financial Highlights

- The Village's assets exceeded its liabilities by \$1,707,997 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$1,659,645, showing an increase of \$48,352 during the current year.
- The Village's governmental funds reported total ending fund balance of \$476,889, all of which is unreserved and undesignated and available for spending at the Village's discretion. This compares to the prior year ending fund balance of \$452,364, showing a \$24,525 increase during the current year.
- At the end of the current year, unreserved fund balance for the General Fund was \$142,332, or 122% of total General Fund expenditures. This is a decrease of \$22,535 over last year's ending fund balance.

Overview of the Financial Statements

The Village's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide financial statements.

Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Because this is the first year of this reporting format, a comparative analysis of the basic financial statements was not practicable. Comparative analyses of the basic financial statements will be made in subsequent years.

Village of Camden, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended February 28, 2005

Government-wide Financial Statements

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by the private-sector companies.

Statement of Net Assets - This statements presents information of all of the Village's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the Village's financial position as a whole is improving or deteriorating. To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base and the condition of the Village's capital assets.

Statement of Activities - This reports how the Village's net assets changed during the fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the taxpayers.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as fire protection, general government, cemetery, streets, and parks. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are reported here.
- *Component units* - The Village includes one entity in its report - the Local Development Finance Authority. Although legally separate, this component unit is important because the Village is financially accountable for it.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Village's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in a reconciling statement that explainsthe relationship between them.

Budgetary comparison statements are included as required supplementary information for the general fund and major special revenue funds. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget.

Village of Camden, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended February 28, 2005

Proprietary Funds generally report services for which the Village charges customers a fee. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report functions presented as business-type activities, while Internal Service Funds primarily service the governmental unit and are included with governmental activities. The Water and Sewer Funds are Enterprise Funds. The Village does not have an Internal Service Fund. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Village's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.

Component Units consist of the Local Development Finance Authority (LDFA). Although the LDFA is legally separate from the Village, it is included in the Village's financial report because the Village is financially accountable for it. The Local Development Finance Authority was created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Supplementary Information can be found immediately following the notes to the financial statements. This information includes budgets and actual statements for major governmental funds.

Government-wide Financial Analysis

In accordance with GASB Statement No. 34, for first-time implementers, the Village is not required to restate prior period for the purpose of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The Village's assets exceeded its liabilities by \$1,707,997 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$1,659,645, showing an increase of \$48,352 over the prior year. While the Village reports unrestricted net assets under both governmental and business-type activities, the unrestricted net assets of the business-type activities cannot be used to make up any net asset deficit in governmental activities. The following table provides a summary of the Village's net assets as of February 28, 2005:

NET ASSETS

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Current Assets	\$ 515,128	\$ 384,997	\$ 900,125
Noncurrent Assets	<u>537,593</u>	<u>763,913</u>	<u>1,301,506</u>
Total Assets	<u>\$ 1,052,721</u>	<u>\$ 1,148,910</u>	<u>\$ 2,201,631</u>

Village of Camden, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended February 28, 2005

Liabilities			
Current Liabilities	\$ 42,692	\$ 14,942	\$ 57,634
Noncurrent Liabilities	<u>0</u>	<u>436,000</u>	<u>436,000</u>
Total Liabilities	\$ 42,692	\$ 450,942	\$ 493,634
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 537,593	\$ 323,913	\$ 861,506
Restricted	0	9,577	9,577
Unrestricted	<u>472,436</u>	<u>364,478</u>	<u>836,914</u>
Total Net Assets	\$ 1,010,029	\$ 697,968	\$ 1,707,997
Total Liabilities and Net Assets	<u>\$ 1,052,721</u>	<u>\$ 1,148,910</u>	<u>\$ 2,201,631</u>

The Village reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$5,809 for governmental activities and increased \$54,161 for business-type activities; therefore, the Village's overall financial position improved during fiscal year 2005.

The following table reflects the change in net assets of the Village's governmental and business-type activities for the year ended February 28, 2005:

CHANGES IN NET ASSETS

	Governmental Activities	Business-type Activities	Total Primary Government
Program Revenue			
Charges for Services	\$ 32,179	\$ 142,953	\$ 175,132
Operating Grants and Contributions	47,900	0	47,900
Capital Grants and Contributions	0	0	0
General Revenue			
Property Taxes	51,915	0	51,915
State Shared Revenue	61,518	0	61,518
Other	<u>10,134</u>	<u>7,796</u>	<u>17,930</u>
Total Revenue	\$ 203,646	\$ 150,749	\$ 354,395
Expenses			
General Government	\$ 115,002	\$ 0	\$ 115,002
Public Safety	54,593	0	54,593
Streets and Highways	20,972	0	20,972
Culture & Recreation	6,544	0	6,544
Depreciation	12,344	0	12,344
Water Utility	0	32,287	32,287
Sewer Utility	<u>0</u>	<u>64,301</u>	<u>64,301</u>
Total Expenses	\$ 209,455	\$ 96,588	\$ 306,043
INCREASE(DECREASE) IN NET ASSETS	<u>\$ (5,809)</u>	<u>\$ 54,161</u>	<u>\$ 48,352</u>

Village of Camden, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended February 28, 2005

Governmental Activities decreased the Village's net assets by \$5,809.

Revenues from governmental activities totaled \$203,646. State shared revenue represented the largest portion of those revenues (30%), and property tax revenue represented 25% of the total.

The largest components of governmental activities' expenses were general government (55%), public safety (26%), and streets and highways (10%). General government consists of Village Council, Administration, Fire protection, Cemetery, Parks, etc. Public safety includes fire.

Business-type Activities increased the Village's net assets by \$54,161. These net assets will be used to repay the debt on the sewer plant improvements, as well as planning for future improvements in the water and sewer systems.

Component Unit Activities - The LDFA is self-funded by use of captured tax revenues in accordance with State law and once capital improvements are made they become assets of the Village.

Governmental Funds - The focus of the Village's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of February 28, 2005, the Village's governmental funds reported combined ending fund balances of \$476,889. Of this total, the entire balance was unreserved, indicating availability for continuing Village service requirements.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the General Fund showed a healthy fund balance of \$142,332. The other Major Governmental Funds include Major Streets, Local Streets, Fire Fund, Cemetery Fund, and Park Fund. Of these funds, General Fund and Local Streets showed a decrease in fund balance for the current fiscal year.

Proprietary Funds - The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Village's proprietary funds consist of the Water Fund and the Sewer Fund. Total net assets of the Water and Sewer Funds were \$697,968 at February 28, 2005, an improvement of \$54,161 over the previous fiscal year.

Major Governmental Funds Budgeting and Operating Highlights

General Fund - The difference between the appropriations originally budgeted and the final appropriations budget was \$13,400 (\$115,650 vs. \$129,050). In the General Fund maintenance and repair expenditures were increased by \$4,500 and utilities and telephone expenditure was increased by \$2,500. These increases were for unexpected repairs to Village equipment and higher utility bills received. The capital outlay expenditure was increased by \$5,000 to cover new overhead doors for the fire department and new air conditioning and furnace systems at the Village hall.

Capital Asset and Debt Administration

Capital assets at year-end were as follows:

	Governmental Activities	Business-type Activities	Totals
Land	\$ 39,100	\$ 5,252	\$ 44,352
Buildings and Improvements	78,540	0	78,540

Village of Camden, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended February 28, 2005

Facilities & Mains	0	1,377,244	1,377,244
Furniture and Equipment	290,564	0	290,564
Vehicles	288,724	0	288,724
Infrastructure	1,753,105	0	1,753,105
Less: Accumulated Depreciation	<u>(1,912,440)</u>	<u>(618,583)</u>	<u>(2,531,023)</u>
Total Capital Assets, net of depreciation	<u>\$ 537,593</u>	<u>\$ 763,913</u>	<u>\$ 1,301,506</u>

At February 28, 2005, the Village had \$440,000 in bonds outstanding, as shown below:

	Governmental Activities	Business-type Activities	Totals
Revenue Bonds	<u>\$ 0</u>	<u>\$ 440,000</u>	<u>\$ 440,000</u>
Total Long-Term Debt	<u>\$ 0</u>	<u>\$ 440,000</u>	<u>\$ 440,000</u>

Factors Bearing on the Village's Future

The national economic downturn and market performance continue to be a concern for Village management. We continue to depend on state revenue sharing and investment income as major funding sources for the Village. As the state cuts our revenue, we will continue to strive to cut expenditures.

In preparing the 2006 budget, the Village expects similar activity levels to 2005. State shared revenues have consistently declined in recent years, and this trend is expected to continue. Other revenues are expected to be consistent to 2005 totals. The Village will continue to budget conservatively.

The Village's sewer system is ready to start Phase II and will need a new lagoon. The Village will apply for grants and pursue other financing sources. The project is expected to take two years.

The Village water system will be improved over the next five years. The Village will need to drill a new well and have two new generators, new filter tanks and an new well house. The Village is researching different sources for funding this project. It may be necessary to propose a tax millage, use revenue bonds, or apply for grants.

The Village plans to resurface streets in the future and expects to have to replace the small mower within the next two years.

The fire department needs to maintain all contracts outside the Village to maintain the revenue level necessary to stay in State mandated compliance. The department also anticipates major repair to one engine in the future.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village of Camden's finances. Questions or comments concerning any of the information provided in this report should be addressed to Village of Camden, 110 N. Main Street, Camden, Michigan 49232.

BASIC FINANCIAL STATEMENTS

VILLAGE OF CAMDEN
STATEMENT OF NET ASSETS
FEBRUARY 28, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 458,742	\$ 373,074	\$ 831,816	\$ 53,923
Accounts Receivable	1,134	10,075	11,209	5,187
Taxes Receivable	0	0	0	3,536
Assessments Receivable	0	764	764	0
Due from Other Governmental Units	48,218	0	48,218	0
Prepaid Expense	7,034	1,084	8,118	0
Total Current Assets	\$ 515,128	\$ 384,997	\$ 900,125	\$ 62,646
Noncurrent Assets				
Capital Assets				
Land	\$ 39,100	\$ 5,252	\$ 44,352	\$ 0
Buildings & Improvements	78,540	0	78,540	0
Facilities & Mains	0	1,377,244	1,377,244	0
Furniture & Equipment	290,564	0	290,564	0
Vehicles	288,724	0	288,724	0
Infrastructure	1,753,105	0	1,753,105	0
Less: Accumulated Depreciation	(1,912,440)	(618,583)	(2,531,023)	0
Total Noncurrent Assets	\$ 537,593	\$ 763,913	\$ 1,301,506	\$ 0
Total Assets	\$ 1,052,721	\$ 1,148,910	\$ 2,201,631	\$ 62,646
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 37,096	\$ 2,692	\$ 39,788	\$ 0
Payroll Taxes Payable	1,143	0	1,143	0
Interest Payable	0	8,250	8,250	0
Note Payable	4,453	0	4,453	0
Current Portion of Long-Term Debt	0	4,000	4,000	0
Total Current Liabilities	\$ 42,692	\$ 14,942	\$ 57,634	\$ 0
Noncurrent Liabilities				
Revenue Bonds Payable	\$ 0	\$ 436,000	\$ 436,000	\$ 0
Total Liabilities	\$ 42,692	\$ 450,942	\$ 493,634	\$ 0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 537,593	\$ 323,913	\$ 861,506	\$ 0
Restricted for:				
Debt Service	0	9,577	9,577	0
Unrestricted	472,436	364,478	836,914	62,646
Total Net Assets	\$ 1,010,029	\$ 697,968	\$ 1,707,997	\$ 62,646
Total Liabilities and Net Assets	\$ 1,052,721	\$ 1,148,910	\$ 2,201,631	\$ 62,646

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 115,002	\$ 0	\$ 0	\$ 0	\$ (115,002)
Public Safety	54,593	32,179	0	0	(22,414)
Streets and Highways	20,972	0	47,900	0	26,928
Culture and Recreation	6,544	0	0	0	(6,544)
Depreciation - Unallocated	<u>12,344</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,344)</u>
Total Governmental Activities	<u>\$ 209,455</u>	<u>\$ 32,179</u>	<u>\$ 47,900</u>	<u>\$ 0</u>	<u>\$ (129,376)</u>
Business-type Activities:					
Water	\$ 32,287	\$ 67,214	\$ 0	\$ 0	\$ 34,927
Sewer	<u>64,301</u>	<u>75,739</u>	<u>0</u>	<u>0</u>	<u>11,438</u>
Total Business-type Activities	<u>\$ 96,588</u>	<u>\$ 142,953</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,365</u>
Total Primary Government	<u>\$ 306,043</u>	<u>\$ 175,132</u>	<u>\$ 47,900</u>	<u>\$ 0</u>	<u>\$ (83,011)</u>
Component Units:					
Local Development Finance Authority	<u>\$ 6,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,900)</u>
Total Component Units	<u>\$ 6,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,900)</u>
		Primary Government			Component Units
		Governmental Activities	Business-type Activities	Total	
Change in Net Assets:					
Net (Expense) Revenue		<u>\$ (129,376)</u>	<u>\$ 46,365</u>	<u>\$ (83,011)</u>	<u>\$ (6,900)</u>
General Revenue:					
Property Taxes Levied for General Purposes	\$ 46,999	\$ 0	\$ 46,999	\$ 0	
Property Taxes Levied for Cemetery	4,916	0	4,916	0	
Property Taxes Captured	0	0	0	6,271	
State Shared Revenue	61,518	0	61,518	0	
Unrestricted Investment Income	7,403	7,156	14,559	595	
Miscellaneous	<u>2,731</u>	<u>640</u>	<u>3,371</u>	<u>0</u>	
Total General Revenue	<u>\$ 123,567</u>	<u>\$ 7,796</u>	<u>\$ 131,363</u>	<u>\$ 6,866</u>	
Change in Net Assets	\$ (5,809)	\$ 54,161	\$ 48,352	\$ (34)	
Net Assets - Beginning	<u>1,015,838</u>	<u>643,807</u>	<u>1,659,645</u>	<u>62,680</u>	
Net Assets - Ending	<u>\$ 1,010,029</u>	<u>\$ 697,968</u>	<u>\$ 1,707,997</u>	<u>\$ 62,646</u>	

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN
BALANCE SHEET
GOVERNMENTAL FUNDS
FEBRUARY 28, 2005

ASSETS	General	Major Streets	Local Streets	Fire Fund	Cemetery Fund	Park Fund	Total Governmental Funds
Cash & Cash Equivalents	\$ 106,932	\$ 177,459	\$ 26,288	\$ 51,386	\$ 87,013	\$ 9,664	\$ 458,742
Accounts Receivable	1,026	0	0	0	108	0	1,134
Due from Other Funds	41,994	0	0	0	0	0	41,994
Due from Other Governmental Units	27,301	14,429	5,530	0	955	0	48,218
Prepaid Expense	<u>2,542</u>	<u>620</u>	<u>310</u>	<u>3,098</u>	<u>232</u>	<u>232</u>	<u>7,034</u>
Total Assets	<u>\$ 179,798</u>	<u>\$ 192,508</u>	<u>\$ 32,128</u>	<u>\$ 54,484</u>	<u>\$ 88,308</u>	<u>\$ 9,896</u>	<u>\$ 557,122</u>
LIABILITIES							
Accounts Payable	\$ 36,323	\$ 0	\$ 0	\$ 773	\$ 0	\$ 0	\$ 37,096
Due to Other Funds	0	2,000	1,000	31,588	2,755	4,651	41,994
Payroll Taxes Payable	<u>1,143</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,143</u>
Total Liabilities	<u>\$ 37,466</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 32,361</u>	<u>\$ 2,755</u>	<u>\$ 4,651</u>	<u>\$ 80,233</u>
FUND BALANCES							
Unreserved, reported in:							
General Fund	\$ 142,332	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,332
Special Revenue Funds	<u>0</u>	<u>190,508</u>	<u>31,128</u>	<u>22,123</u>	<u>85,553</u>	<u>5,245</u>	<u>334,557</u>
Total Fund Balances	<u>\$ 142,332</u>	<u>\$ 190,508</u>	<u>\$ 31,128</u>	<u>\$ 22,123</u>	<u>\$ 85,553</u>	<u>\$ 5,245</u>	<u>\$ 476,889</u>
Total Liabilities and Fund Balances	<u>\$ 179,798</u>	<u>\$ 192,508</u>	<u>\$ 32,128</u>	<u>\$ 54,484</u>	<u>\$ 88,308</u>	<u>\$ 9,896</u>	<u>\$ 557,122</u>

VILLAGE OF CAMDEN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
February 28, 2005

Fund Balances - total governmental funds	\$ 476,889
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital assets	2,450,033
Deduct: Accumulated depreciation	(1,912,440)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: Notes payable	(4,453)
Net assets of governmental activities	<u>\$ 1,010,029</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED FEBRUARY 28, 2005

	General	Major Streets	Local Streets	Fire Fund
REVENUE				
Property Taxes	\$ 46,999	\$ 0	\$ 0	\$ 0
State Shared Revenue	61,518	34,629	13,271	0
Charges for Services	0	0	0	32,179
Interest Income	2,968	1,902	61	235
Miscellaneous Income	<u>1,491</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	\$ <u>112,976</u>	\$ <u>36,531</u>	\$ <u>13,332</u>	\$ <u>32,414</u>
EXPENDITURES				
General Government				
Advertising	\$ 275	\$ 0	\$ 0	\$ 0
Elections	35	0	0	0
Maintenance & Repair	10,008	0	0	0
Utilities and Telephone	13,588	0	0	0
Hydrant Rental	600	0	0	0
Insurance	14,788	0	0	0
Professional Services	17,110	1,105	552	0
Dues	649	0	0	0
Office Supplies	862	0	0	0
Payroll Expense	43,288	0	0	0
Miscellaneous Expense	8,899	0	0	0
Culture & Recreation	0	0	0	0
Public Safety	0	0	0	0
Highway & Streets	0	0	0	0
Capital Outlay	0	604	0	21,271
Total Expenditures	<u>6,262</u>	<u>0</u>	<u>20,368</u>	<u>0</u>
	\$ <u>116,364</u>	\$ <u>1,709</u>	\$ <u>20,920</u>	\$ <u>4,993</u>
REVENUE OVER (UNDER) EXPENDITURES	\$ <u>(3,388)</u>	\$ <u>34,822</u>	\$ <u>(7,588)</u>	\$ <u>6,150</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 10,000	\$ 0	\$ 2,457	\$ 13,600
Operating Transfers Out	<u>(29,147)</u>	<u>(6,457)</u>	<u>(2,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$ <u>(19,147)</u>	\$ <u>(6,457)</u>	\$ <u>457</u>	\$ <u>13,600</u>
NET CHANGE IN FUND BALANCES	\$ (22,535)	\$ 28,365	\$ (7,131)	\$ 19,750
FUND BALANCES - Beginning	<u>164,867</u>	<u>162,143</u>	<u>38,259</u>	<u>2,373</u>
FUND BALANCES - Ending	\$ <u>142,332</u>	\$ <u>190,508</u>	\$ <u>31,128</u>	\$ <u>22,123</u>

The accompanying notes are an integral part of this statement.

Cemetery Fund	Park Fund	Total Governmental Funds
\$ 4,916	\$ 0	\$ 51,915
0	0	109,418
0	0	32,179
2,187	50	7,403
<u>1,171</u>	<u>70</u>	<u>2,732</u>
<u>\$ 8,274</u>	<u>\$ 120</u>	<u>\$ 203,647</u>
\$ 0	\$ 0	\$ 275
0	0	35
2,028	0	12,036
0	0	13,588
0	0	600
414	0	16,859
0	0	17,110
0	0	649
0	0	862
0	0	43,288
63	0	8,962
0	2,063	2,063
0	0	21,271
0	0	20,972
<u>0</u>	<u>0</u>	<u>11,255</u>
<u>\$ 2,505</u>	<u>\$ 2,063</u>	<u>\$ 169,825</u>
<u>\$ 5,769</u>	<u>\$ (1,943)</u>	<u>\$ 33,822</u>
\$ 3,000	\$ 3,750	\$ 32,807
<u>(4,500)</u>	<u>0</u>	<u>(42,104)</u>
<u>\$ (1,500)</u>	<u>\$ 3,750</u>	<u>\$ (9,297)</u>
\$ 4,269	\$ 1,807	\$ 24,525
<u>81,284</u>	<u>3,438</u>	<u>452,364</u>
<u>\$ 85,553</u>	<u>\$ 5,245</u>	<u>\$ 476,889</u>

VILLAGE OF CAMDEN
Reconciliation of Statement of Revenue, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended February 28, 2005

Net changes in fund balances - total governmental funds	\$ 24,525
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: Capital outlay	11,255
Deduct: Depreciation expense	(50,147)
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Deduct: New debt issued	0
Add: Principal payments on long-term debt	<u>8,558</u>
Change in net assets of governmental activities	<u>\$ (5,809)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FEBRUARY 28, 2005

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 141,679	\$ 136,804	\$ 278,483
Accounts Receivable	5,225	4,850	10,075
Assessments Receivable	344	420	764
Prepaid Expense	<u>542</u>	<u>542</u>	<u>1,084</u>
Total Current Assets	<u>\$ 147,790</u>	<u>\$ 142,616</u>	<u>\$ 290,406</u>
Restricted Assets			
Bond Interest and Redemption Accounts	\$ 0	\$ 85,014	\$ 85,014
Bond Reserve Accounts	<u>0</u>	<u>9,577</u>	<u>9,577</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 94,591</u>	<u>\$ 94,591</u>
Noncurrent Assets			
Capital Assets - Not Depreciated	\$ 0	\$ 5,252	\$ 5,252
Other Capital Assets, Net of Accumulated Depreciation	<u>263,542</u>	<u>495,119</u>	<u>758,661</u>
Total Noncurrent Assets	<u>\$ 263,542</u>	<u>\$ 500,371</u>	<u>\$ 763,913</u>
Total Assets	<u><u>\$ 411,332</u></u>	<u><u>\$ 737,578</u></u>	<u><u>\$ 1,148,910</u></u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 1,356	\$ 1,336	\$ 2,692
Total Current Liabilities	<u>\$ 1,356</u>	<u>\$ 1,336</u>	<u>\$ 2,692</u>
Liabilities Payable from Restricted Assets			
Accrued Interest Payable	\$ 0	\$ 8,250	\$ 8,250
Revenue Bonds - Current	<u>0</u>	<u>4,000</u>	<u>4,000</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 0</u>	<u>\$ 12,250</u>	<u>\$ 12,250</u>
Noncurrent Liabilities			
Revenue Bonds Payable	\$ 0	\$ 436,000	\$ 436,000
Total Noncurrent Liabilities	<u>\$ 0</u>	<u>\$ 436,000</u>	<u>\$ 436,000</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 449,586</u>	<u>\$ 450,942</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 263,542	\$ 60,371	\$ 323,913
Restricted for Bond Reserve	0	9,577	9,577
Unrestricted	<u>146,434</u>	<u>218,044</u>	<u>364,478</u>
Total Net Assets	<u>\$ 409,976</u>	<u>\$ 287,992</u>	<u>\$ 697,968</u>
Total Liabilities and Net Assets	<u><u>\$ 411,332</u></u>	<u><u>\$ 737,578</u></u>	<u><u>\$ 1,148,910</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Enterprise Funds</u>		Total
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise Funds</u>
OPERATING REVENUE			
Sales			
Connections Fees	\$ 65,736	\$ 75,141	\$ 140,877
Special Assessments	1,100	0	1,100
Miscellaneous Income	378	598	976
Total Operating Revenue	<u>140</u>	<u>500</u>	<u>640</u>
	<u>\$ 67,354</u>	<u>\$ 76,239</u>	<u>\$ 143,593</u>
OPERATING EXPENSES			
Professional Services	\$ 959	\$ 1,400	\$ 2,359
Contracted Services	11,571	11,206	22,777
Insurance	1,469	968	2,437
Utilities	2,022	2,194	4,216
Advertising	559	0	559
Depreciation	11,434	23,323	34,757
Maintenance & Repair	3,639	4,635	8,274
Fees	519	703	1,222
Miscellaneous Expense	<u>115</u>	<u>141</u>	<u>256</u>
Total Operating Expenses	<u>\$ 32,287</u>	<u>\$ 44,570</u>	<u>\$ 76,857</u>
OPERATING INCOME (LOSS)	<u>\$ 35,067</u>	<u>\$ 31,669</u>	<u>\$ 66,736</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest Income	\$ 3,390	\$ 3,766	\$ 7,156
Interest Expense	<u>0</u>	<u>(19,731)</u>	<u>(19,731)</u>
Total Non-operating Revenue (Expense)	<u>\$ 3,390</u>	<u>\$ (15,965)</u>	<u>\$ (12,575)</u>
Income (Loss) Before Transfers	\$ 38,457	\$ 15,704	\$ 54,161
Transfers From Other Funds	\$ 0	\$ 0	\$ 0
Transfers To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	\$ 38,457	\$ 15,704	\$ 54,161
NET ASSETS - Beginning	<u>371,519</u>	<u>272,288</u>	<u>643,807</u>
NET ASSETS - Ending	<u>\$ 409,976</u>	<u>\$ 287,992</u>	<u>\$ 697,968</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Water</u>	<u>Sewer</u>	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 68,804	\$ 78,724	\$ 147,528
Cash payments to suppliers for goods and services	(20,433)	(32,117)	(52,550)
Other operating revenue	<u>140</u>	<u>500</u>	<u>640</u>
Net cash provided (used) by operating activities	<u>\$ 48,511</u>	<u>\$ 47,107</u>	<u>\$ 95,618</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Receipts under Interfund Loan Agreements	\$ 14,873	\$ 4,583	\$ 19,456
Payments under Interfund Loan Agreements	<u>(47,862)</u>	<u>(14,540)</u>	<u>(62,402)</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (32,989)</u>	<u>\$ (9,957)</u>	<u>\$ (42,946)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on bonds	\$ 0	\$ (4,000)	\$ (4,000)
Interest paid on bonds	0	(19,731)	(19,731)
Bond proceeds	<u>0</u>	<u>14,000</u>	<u>14,000</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 0</u>	<u>\$ (9,731)</u>	<u>\$ (9,731)</u>
CASH FLOWS FORM INVESTING ACTIVITIES			
Investment income	\$ 3,390	\$ 3,766	\$ 7,156
Net cash provided (used) by investment activities	<u>\$ 3,390</u>	<u>\$ 3,766</u>	<u>\$ 7,156</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 18,912	\$ 31,185	\$ 50,097
CASH AND CASH EQUIVALENTS - Beginning	<u>122,767</u>	<u>200,210</u>	<u>322,977</u>
CASH AND CASH EQUIVALENTS - Ending	<u><u>\$ 141,679</u></u>	<u><u>\$ 231,395</u></u>	<u><u>\$ 373,074</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 35,067	\$ 31,669	\$ 66,736
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	11,434	23,323	34,757
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	1,552	2,947	4,499
(Increase) decrease in prepaid expense	38	38	76
Increase (decrease) in accounts payable	420	(11,057)	(10,637)
Increase (decrease) in liabilities payable from restricted assets	<u>0</u>	<u>187</u>	<u>187</u>
Total adjustments	<u>\$ 13,444</u>	<u>\$ 15,438</u>	<u>\$ 28,882</u>
Net cash provided (used) by operating activities	<u><u>\$ 48,511</u></u>	<u><u>\$ 47,107</u></u>	<u><u>\$ 95,618</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN
STATEMENT OF NET ASSETS
COMPONENT UNIT
FEBRUARY 28, 2005

ASSETS	LDFA
Current Assets	
Cash and Cash Equivalents	\$ 53,923
Accounts Receivable	5,187
Taxes Receivable	<u>3,536</u>
Total Assets	<u>\$ 62,646</u>
 LIABILITIES	
Current Liabilities	<u>\$ 0</u>
 NET ASSETS	
Unrestricted	<u>\$ 62,646</u>
Total Net Assets	<u>\$ 62,646</u>
Total Liabilities and Net Assets	<u>\$ 62,646</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN
STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED FEBRUARY 28, 2005

EXPENSES	LDEA
Industrial Development	\$ <u>6,900</u>
PROGRAM REVENUE	
Charges for Services	\$ <u>0</u>
NET (EXPENSE) REVENUE	\$ <u>(6,900)</u>
GENERAL REVENUE	
Property Tax	\$ 6,271
Interest Income	<u>595</u>
Total General Revenue	\$ <u>6,866</u>
CHANGE IN NET ASSETS	\$ (34)
NET ASSETS - Beginning	<u>62,680</u>
NET ASSETS - Ending	\$ <u><u>62,646</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Camden comprises a population of approximately 550 residents in Hillsdale County, Michigan. It is governed by a seven-member council with a president as its head. As required by generally accepted accounting principles, these financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Village (as distinct from legal relationships).

The following component units are reported in the Village's financial statements:

- The Local Development Finance Authority (LDFA) was created under Public Act 281 of 1986 of the State of Michigan. The LDFA's purpose is to work towards the elimination of the causes of unemployment, underemployment and joblessness, and to promote economic growth in the Village of Camden.

The Village appoints the majority of the Boards of Directors of the LDFA. The LDFA's budget requires the Village's approval, and its main revenue source (tax increment financing) is a financial burden to the Village.

The accounting policies of Village of Camden conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). In June, 1999, the GASB approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time, the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Village's activities, including fixed assets (buildings, equipment, vehicles, etc.) and infrastructure (roads, bridges, etc.)

- A change in the fund financial statements to focus on major funds.

The Village has elected to implement the provisions of the Statement in the current year; therefore, these and other changes are reflected in the accompanying financial statements and notes to the financial statements.

The following is a summary of significant accounting policies used by Village of Camden:

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net assets and the statement of activities display financial information about the Village as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by property taxes and Village general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, State Revenue Sharing, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus and Basis of Accounting

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Village departments. Proprietary fund and component unit financial statements also report using this same focus and basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Under the modified accrual basis, property taxes, State revenue sharing, interest, and grants are considered to be both measurable and available at fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as non-operating in the financial statements.

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Village reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. Major Streets, Local Streets, Fire Fund, Cemetery Fund, and Park Fund).

The Village reports the following major enterprise funds:

Water Utilities Fund - accounts for the operating activities of the Village's water utilities services.

Sewer Utilities Fund - accounts for the operating activities of the Village's sewer utilities services.

Assets, Liabilities, and Net Assets

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 50 years
Furniture & Equipment	5 - 20 years
Vehicles	8 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net assets.

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations - In the government-wide financial statements, all payables, accrued liabilities and long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt retirement expenditures.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Village Council at the line-item level. Any budgetary modifications may only be made by resolution of the Village Council. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to February 28, the Village Council proposes an operating budget for the fiscal year commencing on March 1.
- 2) A public hearing is conducted during February to obtain taxpayer comments.
- 3) Prior to February 28, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the Village, transfer of appropriations may be made by the authorization of the Village Council.
- 5) The Village Council is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

During the year ended February 28, 2005, the Village incurred expenditures in certain budgetary funds that were in excess of the amount appropriated. These variances are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Advertising	\$ 0	\$ 275	\$ 275
Utilities and Telephone	13,383	13,588	205
Insurance	5,500	14,788	9,288
Professional Services	13,600	17,110	3,510
Miscellaneous Expense	1,500	8,899	7,399
Operating Transfers Out	8,200	29,147	20,947
Local Streets Fund			
Routine Maintenance	18,940	20,368	1,428
Operating Transfers Out	1,700	2,000	300
Fire Fund			
Capital Outlay	0	4,993	4,993

NOTE 3 - DEPOSITS AND INVESTMENTS

Following are the components of the Village's bank deposits at February 28, 2005:

Checking and savings accounts	\$ 549,843
Certificates of Deposit	<u>335,896</u>
	<u>\$ 885,739</u>

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). At February 28, 2005, the carrying amount of the Village's deposits was \$885,739 and the bank balance was \$879,421. Of the bank balance, \$285,488 was covered by federal depository insurance and \$593,933 was uninsured.

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of February 28, 2005, the Village's deposits are in accordance with statutory authority.

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 4 - RECEIVABLES

Receivables at February 28, 2005, consist of State revenue sharing, State highway contract revenue, utility and other receivables. All receivables are considered collectible in full due to the ability to lien for the nonpayment of utility bills and the stable condition of State programs.

A summary of the principal items of receivables follows:

	General Fund	Major Street	Local Street	Cemetery Fund	Proprietary Funds	Total
State Revenue Sharing	\$ 18,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,705
State Highway Contract	0	14,429	5,530	0	0	19,959
Utility Customers	0	0	0	0	10,839	10,839
Property Taxes Receivable	8,599	0	0	955	0	9,554
Other Receivables	<u>1,026</u>	<u>0</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>1,134</u>
Total	<u>\$ 28,330</u>	<u>\$ 14,429</u>	<u>\$ 5,530</u>	<u>\$ 1,063</u>	<u>\$ 10,839</u>	<u>\$ 60,191</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended February 28, 2005, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	<u>\$ 39,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 39,100</u>
Capital assets being depreciated				
Buildings & Improvements	\$ 70,786	\$ 7,754	\$ 0	\$ 78,540
Furniture & Equipment	287,064	3,500	0	290,564
Vehicles	288,724	0	0	288,724
Infrastructure	1,753,105	0	0	1,753,105
Less accumulated depreciation	<u>(1,862,293)</u>	<u>(50,147)</u>	<u>0</u>	<u>(1,912,440)</u>
Total capital assets being depreciated, net	<u>\$ 537,386</u>	<u>\$ (38,893)</u>	<u>\$ 0</u>	<u>\$ 498,493</u>
Governmental Activities				
Total capital assets, net	<u>\$ 576,486</u>	<u>\$ (38,893)</u>	<u>\$ 0</u>	<u>\$ 537,593</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land	<u>\$ 5,252</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,252</u>
Capital assets being depreciated				
Facilities & Mains	\$ 1,377,244	\$ 0	\$ 0	\$ 1,377,244
Less accumulated depreciation	<u>(583,826)</u>	<u>(34,757)</u>	<u>0</u>	<u>(618,583)</u>
Total capital assets being depreciated, net	<u>\$ 793,418</u>	<u>\$ (34,757)</u>	<u>\$ 0</u>	<u>\$ 758,661</u>
Business-Type Activities				
Total capital assets, net	<u>\$ 798,670</u>	<u>\$ (34,757)</u>	<u>\$ 0</u>	<u>\$ 763,913</u>
PRIMARY GOVERNMENT				
Total capital assets, net	<u>\$ 1,375,156</u>	<u>\$ (73,650)</u>	<u>\$ 0</u>	<u>\$ 1,301,506</u>

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at February 28, 2005, is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 2,755	Cemetery Fund	\$ 2,755
	31,588	Fire Fund	31,588
	2,000	Major Streets	2,000
	1,000	Local Streets	1,000
	<u>4,651</u>	Park Fund	<u>4,651</u>
	<u>\$ 41,994</u>		<u>\$ 41,994</u>

The amounts due from the cemetery fund, fire fund, and the park fund to the general fund represent invoices paid by the general fund on behalf of these other funds in prior fiscal years. The amounts shown as due from major streets fund and local streets fund to the general fund represent reimbursement for snow removal labor for the year ended February 28, 2005.

Interfund transfers during the year consisted of the following:

	<u>Transfer From</u>				<u>Total</u>
	<u>General Fund</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Cemetery Fund</u>	
Transfer to:					
Cemetery Fund	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 3,000
Fire Fund	13,600	0	0	0	13,600
Park Fund	3,250	0	0	500	3,750
General Fund	0	4,000	2,000	4,000	10,000
Local Streets	<u>0</u>	<u>2,457</u>	<u>0</u>	<u>0</u>	<u>2,457</u>
Total	<u>\$ 19,850</u>	<u>\$ 6,457</u>	<u>\$ 2,000</u>	<u>\$ 4,500</u>	<u>\$ 32,807</u>

Transfers are used to (1) account for overhead services provided by the general fund to other funds, (2) move revenues from the fund that statute requires to collect them to the fund that budget requires to expend them, and (3) to provide for future acquisition of assets.

NOTE 7 - LONG-TERM DEBT

The Village issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Revenue Bonds - The Village has a bond issue with the United States Department of Agriculture which funded the sewer project. This is a revenue bond issue, whereby revenue derived from the utility system is used to pay the debt service.

The following is a summary of changes in long-term debt for the year ended February 28, 2005:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type Activities</i>				
Revenue Bonds - Sewer Fund	<u>\$ 430,000</u>	<u>\$ 14,000</u>	<u>\$ 4,000</u>	<u>\$ 440,000</u>

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity as of February 28, 2005, are as follows:

Sewer Fund - \$ 525,000 Revenue Bond Issue, interest rate 4.5%

<u>Year ending</u> <u>February 28</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 4,000	\$ 19,710	\$ 23,710
2007	5,000	19,508	24,508
2008	5,000	19,282	24,282
2009	5,000	19,058	24,058
2010	5,000	18,833	23,833
2011-2015	31,000	90,203	121,203
2016-2020	38,000	82,485	120,485
2021-2025	48,000	72,810	120,810
2026-2030	60,000	60,795	120,795
2031-2035	75,000	45,608	120,608
2036-2040	95,000	26,663	121,663
2041-2043	<u>69,000</u>	<u>4,748</u>	<u>73,748</u>
Totals	<u>\$ 440,000</u>	<u>\$ 479,703</u>	<u>\$ 919,703</u>

NOTE 8 - PROPERTY TAXES

Real estate and personal property taxes are recorded as revenue in amounts equal to the total taxes levied. The total levy for 2004 was 9.6389mills - 8.7211 mills allocated to General Fund, and 0.91780mills allocated to Cemetery Fund. The 2004 total state taxable value was approximately \$5,605,000 (not including industrial facilities tax valuations). Village properties are assessed as of July 31 (the lien date) - taxes levied July 1 of the succeeding year and are due without interest to September 15. After the final collection date, unpaid real property taxes are added to the county delinquent tax rolls. Personal property taxes unpaid continue to be collected by the Village Treasurer.

NOTE 9 - SEGMENT INFORMATION

The Village issues separate revenue bonds to finance its sewer department. The fund financial statements report major funds with revenue - supported debt for the sewer fund. Services provided by this fund are described in Note 1.

NOTE 10 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Village has purchased commercial insurance for each of these areas of risk. There have been no significant reductions in insurance coverages, and settled claims have not exceeded the amount of insurance coverage for the current or the three prior years.

VILLAGE OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005

NOTE 11 - RESTATEMENTS

As of and for the year ended February 28, 2005, the Village implemented the following Governmental Accounting Standards Board pronouncements:

Statements

No. 33 - *Accounting and Financial Reporting for Nonexchange Transactions*

No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*

No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues - An Amendment of GASB No. 33*

No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*

No. 38 - *Certain Financial Statement Disclosures*

Interpretations

No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

As a result of implementing these pronouncements for the year ended February 28, 2005, the following restatements were made to the beginning fund balance and net asset accounts:

Fund Balances of General and Special Revenue Funds as of February 29, 2004	\$ 452,364
Add: governmental capital assets as of February 29, 2004	2,438,779
Deduct: accumulated depreciation as of February 29, 2004, on the above governmental assets	(1,862,293)
Deduct: notes payable as of February 29, 2004	(13,012)
Governmental net assets, restated, as of February 29, 2004	<u>\$ 1,015,838</u>

NOTE 12 - ENVIRONMENTAL REMEDIATION

During the past four years, the Village has been working with the State of Michigan Department of Environmental Quality (DEQ) and contracted engineers on a sewer lagoon project in response to overspills occurring with its sewer lagoon. During the course of the project the Village has been penalized \$25,000 by the DEQ for failure to comply with project deadlines. A penalty of \$12,500 was paid in the 2001-02 fiscal year, \$10,000 in the 2002-2003 fiscal year, and \$2,500 in the 2004-05 fiscal year. A two-phase project was instituted to correct the problem. As of February 29, 2004, Phase I of the project which consisted of sealing joints, repairing manholes, upgrading storm sewers, and repairing the lagoon fields was substantially complete. The Village is working towards implementation of Phase II of the project which will include additions to the existing lagoon system, installation of water meters, and upgrades to the system pump stations.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CAMDEN
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Budget Amounts</u>			Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Property Taxes	\$ 53,500	\$ 53,500	\$ 46,999	\$ (6,501)
State Shared Revenue	47,650	47,650	61,518	13,868
Interest	3,500	3,500	2,968	(532)
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>1,491</u>	<u>(4,509)</u>
Total Revenue	<u>\$ 110,650</u>	<u>\$ 110,650</u>	<u>\$ 112,976</u>	<u>\$ 2,326</u>
EXPENDITURES				
General Government				
Advertising	\$ 0	\$ 0	\$ 275	\$ 275
Elections	200	200	35	(165)
Maintenance and Repair	7,100	11,600	10,008	(1,592)
Utilities and Telephone	10,883	13,383	13,588	205
Hydrant Rental	600	600	600	0
Insurance	5,500	5,500	14,788	9,288
Professional Services	13,600	13,600	17,110	3,510
Dues	800	800	649	(151)
Office Supplies	2,000	2,000	862	(1,138)
Payroll Expense	50,000	50,000	43,288	(6,712)
Miscellaneous Expense	1,500	1,500	8,899	7,399
Capital Outlay	<u>16,667</u>	<u>21,667</u>	<u>6,262</u>	<u>(15,405)</u>
Total Expenditures	<u>\$ 108,850</u>	<u>\$ 120,850</u>	<u>\$ 116,364</u>	<u>\$ (4,486)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 1,800</u>	<u>\$ (10,200)</u>	<u>\$ (3,388)</u>	<u>\$ 6,812</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 5,000	\$ 5,000	\$ 10,000	\$ 5,000
Operating Transfers Out	<u>(6,800)</u>	<u>(8,200)</u>	<u>(29,147)</u>	<u>(20,947)</u>
Total Other Financing Sources (Uses)	<u>\$ (1,800)</u>	<u>\$ (3,200)</u>	<u>\$ (19,147)</u>	<u>\$ (15,947)</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ (13,400)	\$ (22,535)	\$ (9,135)
FUND BALANCES - Beginning	<u>164,867</u>	<u>164,867</u>	<u>164,867</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 164,867</u>	<u>\$ 151,467</u>	<u>\$ 142,332</u>	<u>\$ (9,135)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR STREETS FUND
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Budget Amounts</u>			Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
State Shared Revenue	\$ 31,500	\$ 31,500	\$ 34,629	\$ 3,129
Interest	<u>740</u>	<u>740</u>	<u>1,902</u>	<u>1,162</u>
Total Revenue	<u>\$ 32,240</u>	<u>\$ 32,240</u>	<u>\$ 36,531</u>	<u>\$ 4,291</u>
EXPENDITURES				
Routine Maintenance	\$ 17,725	\$ 17,725	\$ 604	\$ (17,121)
Administration	<u>7,400</u>	<u>7,400</u>	<u>1,105</u>	<u>(6,295)</u>
Total Expenditures	<u>\$ 25,125</u>	<u>\$ 25,125</u>	<u>\$ 1,709</u>	<u>\$ (23,416)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 7,115</u>	<u>\$ 7,115</u>	<u>\$ 34,822</u>	<u>\$ 27,707</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>(7,115)</u>	<u>(7,115)</u>	<u>(6,457)</u>	<u>658</u>
Total Other Financing Sources (Uses)	<u>\$ (7,115)</u>	<u>\$ (7,115)</u>	<u>\$ (6,457)</u>	<u>\$ 658</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ 28,365	\$ 28,365
FUND BALANCES - Beginning	<u>162,143</u>	<u>162,143</u>	<u>162,143</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 162,143</u>	<u>\$ 162,143</u>	<u>\$ 190,508</u>	<u>\$ 28,365</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LOCAL STREETS FUND
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Budget Amounts</u>			Actual Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUE				
State Shared Revenue	\$ 11,940	\$ 11,940	\$ 13,271	\$ 1,331
Interest	<u>185</u>	<u>185</u>	<u>61</u>	<u>(124)</u>
Total Revenue	\$ <u>12,125</u>	\$ <u>12,125</u>	\$ <u>13,332</u>	\$ <u>1,207</u>
EXPENDITURES				
Routine Maintenance	\$ 10,540	\$ 18,940	\$ 20,368	\$ 1,428
Administration	<u>3,185</u>	<u>3,185</u>	<u>552</u>	<u>(2,633)</u>
Total Expenditures	\$ <u>13,725</u>	\$ <u>22,125</u>	\$ <u>20,920</u>	\$ <u>(1,205)</u>
REVENUE OVER (UNDER) EXPENDITURES	\$ <u>(1,600)</u>	\$ <u>(10,000)</u>	\$ <u>(7,588)</u>	\$ <u>2,412</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 3,300	\$ 3,300	\$ 2,457	\$ (843)
Operating Transfers Out	<u>(1,700)</u>	<u>(1,700)</u>	<u>(2,000)</u>	<u>(300)</u>
Total Other Financing Sources (Uses)	\$ <u>(1,600)</u>	\$ <u>(1,600)</u>	\$ <u>457</u>	\$ <u>(1,143)</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ (8,400)	\$ (7,131)	\$ 1,269
FUND BALANCES - Beginning	<u>38,259</u>	<u>38,259</u>	<u>38,259</u>	<u>0</u>
FUND BALANCES - Ending	\$ <u>38,259</u>	\$ <u>29,859</u>	\$ <u>31,128</u>	\$ <u>1,269</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FIRE FUND
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Budget Amounts</u>			Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Charges for Services	\$ 20,386	\$ 20,386	\$ 32,179	\$ 11,793
Interest	<u>328</u>	<u>328</u>	<u>235</u>	<u>(93)</u>
Total Revenue	<u>\$ 20,714</u>	<u>\$ 20,714</u>	<u>\$ 32,414</u>	<u>\$ 11,700</u>
EXPENDITURES				
Routine Maintenance	\$ 27,514	\$ 29,414	\$ 21,271	\$ (8,143)
Administration	<u>0</u>	<u>0</u>	<u>4,993</u>	<u>4,993</u>
Total Expenditures	<u>\$ 27,514</u>	<u>\$ 29,414</u>	<u>\$ 26,264</u>	<u>\$ (3,150)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (6,800)</u>	<u>\$ (8,700)</u>	<u>\$ 6,150</u>	<u>\$ 14,850</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 6,800	\$ 6,800	\$ 13,600	\$ 6,800
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 6,800</u>	<u>\$ 6,800</u>	<u>\$ 13,600</u>	<u>\$ 6,800</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ (1,900)	\$ 19,750	\$ 21,650
FUND BALANCES - Beginning	<u>2,373</u>	<u>2,373</u>	<u>2,373</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 2,373</u>	<u>\$ 473</u>	<u>\$ 22,123</u>	<u>\$ 21,650</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY FUND
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Budget Amounts</u>			Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Property Taxes	\$ 4,670	\$ 4,670	\$ 4,916	\$ 246
Interest	1,030	1,030	2,187	1,157
Miscellaneous	<u>300</u>	<u>300</u>	<u>1,171</u>	<u>871</u>
Total Revenue	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 8,274</u>	<u>\$ 2,274</u>
EXPENDITURES				
Maintenance and Repair	\$ 1,950	\$ 2,150	\$ 2,028	\$ (122)
Insurance	450	450	414	(36)
Miscellaneous	<u>1,600</u>	<u>1,600</u>	<u>63</u>	<u>(1,537)</u>
Total Expenditures	<u>\$ 4,000</u>	<u>\$ 4,200</u>	<u>\$ 2,505</u>	<u>\$ (1,695)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 2,000</u>	<u>\$ 1,800</u>	<u>\$ 5,769</u>	<u>\$ 3,969</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 500	\$ 500
Operating Transfers Out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ (1,500)</u>	<u>\$ 500</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ (200)	\$ 4,269	\$ 4,469
FUND BALANCES - Beginning	<u>81,284</u>	<u>81,284</u>	<u>81,284</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 81,284</u>	<u>\$ 81,084</u>	<u>\$ 85,553</u>	<u>\$ 4,469</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARK FUND
FOR THE YEAR ENDED FEBRUARY 28, 2005

	<u>Budget Amounts</u>			Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Interest	\$ 0	\$ 0	\$ 50	\$ 50
Miscellaneous	<u>400</u>	<u>400</u>	<u>70</u>	<u>(330)</u>
Total Revenue	\$ <u>400</u>	\$ <u>400</u>	\$ <u>120</u>	\$ <u>(280)</u>
EXPENDITURES				
Culture and Recreation	\$ <u>7,250</u>	\$ <u>7,450</u>	\$ <u>2,063</u>	\$ <u>(5,387)</u>
REVENUE OVER (UNDER) EXPENDITURES	\$ <u>(6,850)</u>	\$ <u>(7,050)</u>	\$ <u>(1,943)</u>	\$ <u>5,107</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 6,850	\$ 6,850	\$ 3,750	\$ (3,100)
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$ <u>6,850</u>	\$ <u>6,850</u>	\$ <u>3,750</u>	\$ <u>(3,100)</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ (200)	\$ 1,807	\$ 2,007
FUND BALANCES - Beginning	<u>3,438</u>	<u>3,438</u>	<u>3,438</u>	<u>0</u>
FUND BALANCES - Ending	\$ <u><u>3,438</u></u>	\$ <u><u>3,238</u></u>	\$ <u><u>5,245</u></u>	\$ <u><u>2,007</u></u>

The accompanying notes are an integral part of this statement.

Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: (517) 849-2410

FAX: (517) 849-2493

E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council
Village of Camden
Camden, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Camden as of and for the year ended February 28, 2005, which collectively comprise Village of Camden's basic financial statements and have issued our report thereon dated September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Camden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Camden's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bailey, Hodshire & Company, PC

Jonesville, Michigan

September 30, 2005

Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: (517) 849-2410

FAX: (517) 849-2493

E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

September 30, 2005

To the Members of the Village Council
Village of Camden
Camden, MI 49232

In connection with our audit of the Village of Camden for the year ended February 29, 2005, we would like to make the following comments and recommendations:

1. Budget amendments must be specifically outlined and approved in the board minutes.
2. The Village needs to have knowledge of fire contracts that are currently in place and pursue collections of these fees due to the Village.
3. Act 51 Financial Reports should be submitted on a timely basis to avoid withholding of payments by the State of Michigan.
4. There were accounts that had expenditures in excess of budgeted amounts, which is a violation of State budgeting laws. We recommend that all budgets be reviewed and amended as necessary to prevent over-expenditure in any line item.
5. As noted in previous audits, the Local Development Finance Authority (LDFA) has remained dormant for several years. Taxpayer dollars are captured by the LDFA from the Village, the Township, the School District, and the County to be used for the purposes outlined in the LDFA development plan. We recommend that a board of directors be appointed to utilize these outside funds for the benefit of the Village.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

Bailey, Hodshire & Company PC

Bailey, Hodshire & Company, P.C.
Certified Public Accountants